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EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of history, arts and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of history, arts and libraries for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS AND LIBRARIES

APPROPRIATIONS SUMMARY:

Full-time equated unclassified positions 6.0

Full-time equated classified positions 248.5

GROSS APPROPRIATION \$ 58,786,300

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 137,500

ADJUSTED GROSS APPROPRIATION	\$	58,648,800
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Federal revenues:

Total federal revenues	9,322,600
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Special revenue funds:

Total local revenues	0
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Total private revenues	577,400
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Total other state restricted revenues	2,308,800
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State general fund/general purpose	\$ 46,440,000
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Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions 6.0

Full-time equated classified positions 24.5

Unclassified salaries--6.0 FTE positions	\$ 219,400
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Management services--23.5 FTE positions	1,819,800
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Building occupancy charges and rent	2,884,100
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Worker's compensation	38,000
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Office of film and television services--1.0 FTE

position	<u>117,600</u>
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GROSS APPROPRIATION	\$ 5,078,900
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Appropriated from:

State general fund/general purpose	\$ 5,078,900
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Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects	<u>\$ 1,036,600</u>
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GROSS APPROPRIATION	\$ 1,036,600
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Appropriated from:

Interdepartmental grant revenues:

IDG-MDOT, comprehensive transportation fund	200
IDG-MDOT, state aeronautics fund	100
IDG-MDOT, state trunkline fund	3,000

Special revenue funds:

Game and fish protection fund	100
Mackinac Island state park fund	40,000
Special revenue, internal service and pension trust	2,700
State lottery fund	900
State general fund/general purpose	\$ 989,600

Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Full-time equated classified positions	10.0
Administration--10.0 FTE positions	\$ 694,500
Arts and cultural grants	<u>11,771,300</u>
GROSS APPROPRIATION	\$ 12,465,800

Appropriated from:

Federal revenues:

NFAH-NEA, promotion of the arts, partnership agreements	700,000
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Special revenue funds:

State general fund/general purpose	\$ 11,765,800
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Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION

Full-time equated classified positions	46.8
Mackinac Island park operation--21.8 FTE positions	\$ 1,288,400
Historical facilities system--25.0 FTE positions	<u>1,577,200</u>
GROSS APPROPRIATION	\$ 2,865,600

Appropriated from:

Special revenue funds:

Airport and park operation fees	106,400
Mackinac Island state park fund	1,272,600
State general fund/general purpose	\$ 1,486,600

Sec. 106. MICHIGAN HISTORICAL PROGRAM

Full-time equated classified positions	86.2
Federal programs--14.9 FTE positions	\$ 1,853,900
Heritage publications	700,000
Historical administration and services--71.3 FTE	
positions	4,806,000
Private grants and gifts	502,400
Thunder Bay national marine sanctuary and underwater	
preserve	<u>187,500</u>
GROSS APPROPRIATION	\$ 8,049,800

Appropriated from:

Interdepartmental grant revenues:

IDG-MDOT, comprehensive transportation fund.....	5,700
IDG-MDOT, state aeronautics fund.....	3,400
IDG-MDOT, state trunkline fund.....	125,100

Federal revenues:

DOI-NPS, historic preservation grants-in-aid	1,348,000
Federal funds	505,900

Special revenue funds:

Private - grants and gifts	400,000
Private - Mann house trust fund	102,400

Game and fish protection fund	3,600
Heritage publication fund	700,000
Marine safety fund	500
Special revenue, internal service and pension trust	70,000
State lottery fund	24,300
Waterways fund	800
State general fund/general purpose \$	4,760,100

Sec. 107. LIBRARY OF MICHIGAN

Full-time equated classified positions	81.0
Book distribution centers \$	277,600
Collected gifts and fees	161,900
Grand Rapids public library	185,800
Grant to the Detroit public library	2,682,900
Library of Michigan operations--81.0 FTE positions	6,424,100
Library services and technology act	5,557,400
Renaissance zone reimbursement	1,640,000
State aid to libraries	11,809,900
Subregional state aid	505,100
Wayne County library for the blind and physically handicapped	<u>44,900</u>
GROSS APPROPRIATION \$	29,289,600

Appropriated from:

Federal revenues:

Federal section 903(d), SSA funds	1,211,300
Library services and technology act	5,557,400

Special revenue funds:

Private - gifts and bequests revenues	75,000
User fees	86,900
State general fund/general purpose	\$ 22,359,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$48,748,800.00 and state spending from state resources to be paid to units of local government for fiscal year 2003-2004 is \$19,495,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS AND LIBRARIES

Arts and cultural grants	\$ 3,653,500
State aid to libraries	11,809,900
Detroit public library	1,720,800
Grand Rapids public library	121,000
Subregional state aid	505,100
Wayne County library for the blind and physically handicapped	44,900
Renaissance zone reimbursement	1,640,000
Total department of history, arts and libraries	\$ 19,495,200

Sec. 202. The appropriations authorized under this bill are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in this bill:

(a) "Department" means the department of history, arts and libraries

(b) "Director" means the director of the department of history, arts and libraries.

(c) "DOI-NPS" means the United States department of interior, national park service.

(d) "Fiscal agencies" means the house fiscal agency and the senate fiscal agency.

(e) "FTE" means full-time equated.

(f) "IDG" means interdepartmental grant.

(g) "NEA" means the national endowment for the arts.

(h) "NFAH" means the national foundation of the arts and the humanities.

(i) "SSA" means social security administration.

(j) "Subcommittees" means all members of the appropriate subcommittees of the house and senate appropriations committees.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not

apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining the vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 206. Unless otherwise specified, departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this bill. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Sec. 207. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for state-restricted

contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$750,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 208. In addition to the funds appropriated in part 1, the department may accept contributions, gifts, bequests, devises, user fees, grants, donations, and payments to rent the department's traveling museum exhibits. Funds accepted by the department are appropriated and allotted when received and may be expended immediately upon receipt or at any later time. Those funds that are not expended in the current fiscal year shall not lapse at the close of the fiscal year and may be carried over by the department for expenditure in the following fiscal years.

Sec. 209. From the funds appropriated in part 1 for information technology, departments and agencies shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the departments

and agencies and the department of information technology.

Sec. 210. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of history, arts and libraries projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 211. The department may provide and enter into agreements to provide general services, training, meetings, information, special equipment, software, and facility use, and technical consulting services to other principal executive departments, state agencies, local units of government, the judicial branch of government, other organizations, and patrons of department facilities. Fees for such services shall be reasonably related to the cost of providing the services and shall be used to offset the costs of the services. The department may receive and expend funds in addition to those authorized in part 1 for:

(a) Supplying census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products.

(b) Microfilming and other document and data imaging services, media, storage, and copies.

(c) Patron copier and document reproduction services and copies.

(d) Conferences, training classes, and workshops conducted as part of the department's mission.

(e) Use of specialized equipment, facilities, and software that permit

distance learning and meetings, and group decision making. Unexpended funds at year-end may be carried forward and expended for the same purposes for which they were originally received.

Sec. 212. (1) In addition to the amounts appropriated in part 1, in order to encourage administrative efficiencies, there is appropriated to the department of history, arts and libraries, an amount not to exceed one-half of the unexpended, unreserved general fund portions of fiscal year 2002-2003 appropriations made to the department for salaries and wages expenses, contractual services, supplies and materials expenses, information technology expenses and program operations costs.

(2) The appropriations contained in subsection 1 are subject to the approval of the state budget director and shall be spent for the same purposes for which the original appropriation was made in fiscal year 2002-2003.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Sec. 401. (1) The Michigan council for arts and cultural affairs in the department shall administer the arts and cultural grants appropriated in part 1. The council shall provide for fair and independent decisions on arts and cultural grant requests based upon published criteria to evaluate program quality. These criteria shall include a prohibition of art projects that include displays of human wastes on religious symbols, displays of sex acts, and depictions of flag desecration. The council shall seek to award grants on an equitable geographic basis to the extent possible given the quality of grant applications received. Priority shall be given to projects that serve multiple counties and that leverage significant additional public and private investment. Counties, cities, villages, townships, community foundations, and

organizations, including science museums/centers, may apply for the following categories of grants:

(a) Anchor organization program for organizations that serve regional and statewide audiences. Anchor organizations shall demonstrate a commitment to education, to mentoring smaller organizations, and to reaching underserved audiences.

(b) Arts projects program.

(c) Arts and learning program.

(d) Artists in residence for education program.

(e) Arts organization development program

(f) Capital improvement program.

(g) Local arts agencies services program.

(h) Regional regranting program.

(i) Partnership program.

(j) Discretionary grants program.

(k) Rural arts and cultural program.

(l) Cultural projects program.

(2) The appropriation for arts and cultural grants in part 1 and disbursed under this section shall, at a minimum, be matched on an equal dollar-for-dollar basis from local and private contributions paid and received by each awardee receiving grants under this section. The dollar-for-dollar match may include the reasonable value of services, materials, and equipment as allowed under the federal internal revenue code for charitable contributions subject also to the preapproval of such a match by the Michigan council for arts and cultural affairs. The council shall receive proof of the

entire amount of the matching funds, services, materials, or equipment by the end of the award period.

(3) Before any amount appropriated for arts and cultural grants in part 1 may be expended for a grant to eligible applicants for the purposes in this section, the department shall execute a grant agreement with each grantee. The grant agreement shall specify the criteria included in this section with which the application complies. The grant agreement shall include a list of the projects funded.

(4) Counties, cities, villages, townships, community foundations, and organizations receiving funds under this section shall provide the Michigan council for arts and cultural affairs with the following:

(a) A final report covering the grant period within 30 days after the end of the grant period indicating at least the following:

(i) Project revenues and expenditures indicating grant matching fund amounts.

(ii) Number of patrons attracted or benefiting during the grant period.

(iii) A narrative summary of each project and its outcome.

(b) Awardees receiving grants greater than \$100,000.00 shall also submit a report as identified in subdivision (a) on an interim basis by April 7 of the grant year.

(5) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$300.00 or 3% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

(6) It is the intent of the legislature that the Michigan council for

arts and cultural affairs continue to take appropriate steps to ensure that all organizations receiving state arts anchor organization grants have combined grant awards, as defined in subsection (8), of no more than 15.0% of operating revenue for the fiscal year ending September 30, 2005 and beyond. As used in this subsection, "operating revenue" is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(7) The council shall continue and expand its efforts to encourage and support nonprofit arts and cultural organizations transitioning from solely volunteer-based organizations to professional directed operations. This includes the provision of funds and services from the arts organization development, partnership, arts projects, anchor organization, and regional regranting programs as well as the rural arts and culture initiative to support professional development within these organizations. Criteria for support include the requirement of collaboration between these organizations and other community organizations.

(8) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue, as defined in subsection (6), for the fiscal year ending September 30, 2003, shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2003.

(9) The council shall provide for fair, equitable, and efficient distribution of funds granted through the regional regranting program. The

council shall provide for an annual assessment of grant management and distribution of mini-grant awards by designated regional regranting agencies and review the methodology employed.

(10) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 65% of the total amount appropriated for arts and cultural grants.

(11) The department shall submit 2 annual reports to the appropriations subcommittees, the state budget office, and the fiscal agencies as follows:

(a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:

(i) A listing of each applicant.

(ii) The county of residence of an applicant.

(iii) The amount awarded.

(iv) The amount requested.

(v) The grant category under which an applicant applied.

(vi) A summary of projects funded for each awardee.

(vii) The expected number of patrons for an applicant during the grant period.

(viii) The amount of matching funds proposed by an applicant.

(ix) The review score for each application.

(x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.

(b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:

(i) The guidelines by which the council awards grants.

(ii) A summary of any changes in the program guidelines from the previous fiscal year.

(iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

MICHIGAN HISTORICAL PROGRAM

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2004.

Sec. 502. Funds collected by the department under sections 3, 6, 7, and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and shall not lapse to the general fund at the end of the fiscal year.

Sec. 503. For purposes of administering the museum store as provided in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

Sec. 504. From the funds appropriated in part 1 for historical administration and services, \$71,200.00 shall be allocated to support the

operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Sec. 505. Proceeds in excess of costs incurred in the conduct of auctions, sales, or transfers of artifacts no longer deemed suitable for the collections of the state historical museum are appropriated to the department and may be expended upon receipt on additional material for the collection.

LIBRARY OF MICHIGAN

Sec. 601. In order to receive subregional state aid as appropriated in part 1 to the library of Michigan, a subregional library's fiscal agency must agree to maintain local funding support at the same level in the current fiscal year as in the fiscal agency's preceding fiscal year. If a reduction in expenditures equally affects all agencies in a unit of local government that is the subregional library's fiscal agency, that reduction shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1. If a reduction in income affects a library cooperative or district library that is a subregional library's fiscal agency, a reduction in expenditures for the subregional library shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1.

Sec. 602. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved

by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Sec. 603. Of the funds appropriated in part 1 for operation of the library of Michigan, a portion may be used for statewide database access such as making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in these activities.

Sec. 604. From the state general fund/general purpose appropriation in part 1, there is allocated \$1,640,000.00 to reimburse public libraries as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2003. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury certifies to the department that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

Sec. 605. The department shall submit a report on or before October 31, 2004, to the senate and house standing committees on appropriations that details the use of funds appropriated in part 1 within the Grand Rapids public library appropriation line and the grant to the Detroit public library appropriation line.